

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF PHILLIP D.) APPEAL NO. 07-A-2406
FREEDMAN from the decision of the Board of) FINAL DECISION
Equalization of Kootenai County for tax year 2007.) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing October 1, 2007, in Coeur d'Alene, Idaho before Board Member Linda S. Pike. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant Phillip D. Freedman appeared. Residential Manager Darin Krier, Appraiser II Elizabeth Reese and Appraiser III Shane Harmon appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. H3452006014B.

The issue on appeal is the market value of a residential property.

The decision of the Kootenai County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$276,460, and the improvements' valuation is \$708,369, totaling \$984,829. Appellant requests the land value be reduced to \$250,000, and the improvements' value be reduced to \$625,000, totaling \$875,000.

The subject property is a 4,348 square foot residence, located on .614 acres, in a gated community in Hayden, Idaho.

Appellant claimed similar properties with comparable sized lots and locations were not assessed equitably. Specifically, all lots were assessed the same even though they differed in size from the typical half-acre lot.

Taxpayer testified a real estate agent gave a verbal quote of \$861,000 as the value of

subject.

Appellant submitted information on several properties with residences claimed to be of similar in quality and size to subject. Two properties sold in December 2006, one for \$830,000 and the other for \$815,000, and two other properties were listed for \$819,900 and \$879,950. The County Appraiser maintained Appellant's listings and two sales were included in the County's market analysis.

Taxpayer reported on a recent homeowners meeting where a significant disparity in annual assessments and rates of change among properties in the development was discussed. For instance, Appellant noted the residence next to subject, built one year later than subject, received an 8% value increase. Subject received a 14% value increase. This disparity in value increases made no sense to Appellant.

It was further claimed the County applied a broad brush approach to assessed values and hadn't reasonably looked at the individual property, nor recognized the fact that both selling and asking prices have dropped dramatically. An example explained a 5,000 square foot home located down the block from subject was originally listed a year and a half ago for \$1,025,000. It later sold in 2007 for \$895,000.

The County submitted Exhibit 1 and described the subject and the surrounding subdivisions as gated communities. The sales compared to the subject were from the subject's subdivision. It was explained that all lots in this subdivision, regardless of size, were valued at \$276,460.

According to the County Appraiser, the subject improvements were valued at approximately \$144 per square foot and the underlying site was assessed for \$250,000.

Respondent submitted six time-adjusted, improved property sales which were considered

comparable to subject. Respondent explained the basis for time-adjusting older sales and described how market information was analyzed to determine the indicated time adjustments. The sales were located in subject's subdivision. All the underlying lots were assessed the same as subject. The improvements were considered comparable to subject in construction quality, however all the improvements were smaller than subject. The average price per square foot was about \$168, while subject improvements were assessed at a lower rate (\$163). Appellant requested the improvements be valued at \$144 per square foot.

The Appraiser explained parcels in subject's subdivision were physically inspected in 2004. At that time, sales were analyzed to establish current values for both land and improvements. Afterwards, the average assessment-to-sale-price ratio was 94%, well within the statutory equalization standard. It was explained that assessed values must be maintained at current market value levels on an annual basis. The 2004 base values were thus trended for 2005 by +40% on land and +20% on improvements. For 2006, a +70% factor was applied to prior year land assessments. In 2007, an additional +60% factor was applied to the land assessments.

Respondent's exhibit materials included six 2006 sales of improved properties located in subject's subdivision. Comparing assessed values to the sale prices indicated a 94% assessment level for 2007. The County maintained subject's 2007 assessed value was well supported and should be upheld.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in

support of their respective positions, hereby enters the following.

Idaho is a market value state for property tax purposes. Idaho Code § 63-201(10) provides the requisite definition:

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Typically the best method of estimating the market value of residential property is through a comparison of sold properties to the subject. Property listings are some indication of market prices and movement, however, a closed sale transaction is preferred for comparison to a subject property to get a meaningful determination of value. A proper analysis of numerous, recent sales is clearly a better supported estimate of market value.

"In any single individual transaction there are many variables which are dependent upon the peculiar aspects of the transfer and which affect the price agreed upon by the parties. Market value, therefore, is generally established by numerous sales of the same or comparable property and, although the price paid for property may be admissible to prove its market value, that fact alone is not conclusive." Gillingham v. Stadler, 93 Idaho 874, 878, 477 P.2d 497, 504 (1970).

Along with the analysis of the terms and conditions of a sale, the comparison of the sold property to the subject must include a comparison of the properties' physical and functional characteristics. For instance square footage, condition, and quality of construction must be equalized through adjustments for a meaningful statement of the relationship between the sold property and the subject.

The two sales submitted by Appellant were smaller than subject in square footage. The third property sold in 2007, past the January 1 lien (appraisal) date for 2007 assessments.

Further, the square footage for this last property was not in the record.

“The value of property for purposes of taxation as determined by the assessor is presumed to be correct; and the burden of proof is upon the taxpayer to show by [a preponderance of the] evidence that he is entitled to the relief claimed.” Board of County Comm’rs of Ada County v. Sears, Roebuck & Co., 74 Idaho 39, 46-47, 256 P.2d 526, 530 (1953).

In this case, we find the Assessor’s evidence supports the assessed value of subject. Appellant has not prevailed in his case by a preponderance of the evidence.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED MARCH 4, 2008